

Before the
TENNESSEE REGULATORY AUTHORITY

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REGULATORY AUTH.

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In the Matter of)
)
UNIVERSAL TELECOM, INC.)
Complainant)
)
v.)
)
CITIZENS COMMUNICATIONS)
COMPANY OF THE VOLUNTEER)
STATE, LLC)
Defendant)

Docket No. 99-00854

01-00854

FORMAL COMPLAINT

Complainant, Universal Telecom, Inc. ("Universal Telecom"), by its counsel, for its complaint pursuant to sections 251 and 252 of the Communications Act of 1934, as amended by the Telecommunications Act of 1996 (the "Act"), and T.C.A. §§ 65-4-123, 65-5-201, and 65-5-204 against Citizens Communications Company of the Volunteer State, LLC ("Citizens") states as follows.

INTRODUCTION

1. The full name and address of Universal Telecom is Universal Telecom, Inc., P.O. Box 679, LaGrange, Kentucky 40031. The Tennessee Regulatory Authority (the "TRA") granted Universal Telecom authority to resell telecommunications services in Tennessee on May 4, 1999, in Case Number 99-00237. *See* Exhibit 1.

2. Correspondence regarding this complaint should be sent to Universal Telecom at the following address.

David Wigginton
Universal Telecom, Inc.
P. O. Box 679
LaGrange, Kentucky 40031

(502) 222-9004.

3. Correspondence regarding this complaint should be sent to Universal Telecom's attorneys at the following address.

Michael J. Blade
DINSMORE & SHOHL LLP
Suite 1100, NationsBank Plaza
414 Union Street
Nashville, TN 37219
(615) 313-3300

John E. Selent
Edward T. Depp
DINSMORE & SHOHL LLP
2000 Meidinger Tower
462 South Fourth Avenue
Louisville, KY 40202
(502) 540-2300

4. The full name of Citizens is Citizens Communications Company of the Volunteer State, LLC, and any correspondence regarding this matter should be directed to:

Citizens Communications
Interconnection Services Dept.
5600 Headquarters Drive
Plano, TX 75024

Citizens Communications
Attn: Interconnection Manager – Tennessee, West Virginia Regions
P.O. Box 251209
Plano, TX 75205-1209

Citizens Communications
Attn: Associate General Counsel
Richard Tettelbaum
1400 16th Street N.W.
Washington, D.C. 20036

5. The facts upon which this complaint is based are set forth more fully in the body of the complaint and exhibits hereto. Briefly, Universal Telecom's complaint

against Citizens concerns Citizens' violation of sections 251 and 252 of the Act, and T.C.A. §§ 65-4-123, 65-5-201, and 65-5-204 by failing to provide Universal Telecom with a discount rate reflecting the fact that Citizens does not provide operator service/directory assistance ("OS/DA") services to Universal Telecom.

6. Despite attempts to resolve this matter with Citizens, Universal Telecom has not received any response regarding this issue from Citizens and therefore has no choice but to request that the TRA direct Citizens to provide Universal Telecom with the discount rate associated with those costs Citizens avoids by not providing OS/DA services to Universal Telecom. As described below, Citizens' failure to provide the discount rate is plainly in violation of the Act, the Tennessee Code, and general public policy.

7. Therefore, Universal Telecom respectfully requests that the TRA commence a contested case against Citizens. In that case, Universal Telecom respectfully requests that the TRA exercise its powers under Sections 251 and 252 of the Act and T.C.A. §65-5-201 to take the following immediate actions.

- (a) issue a declaratory ruling that Citizens avoids costs for OS/DA services when Universal Telecom does not allow its customers to access OS/DA services; and
- (b) issue an Order compelling Citizens to provide – for that period (both retroactively and prospectively) within which Universal Telecom has not allowed its customers to access OS/DA services – Universal Telecom with the discount rate associated with the costs Citizens avoids by not providing OS/DA services to Universal Telecom.

II. JURISDICTON

8. Universal Telecom is a competitive local exchange carrier (“CLEC”) authorized to provide local exchange services in Tennessee and other states. Universal Telecom currently provides service in Tennessee through the resale of Citizens wholesale products. *See* Exhibit 2, Resale Agreement.

9. Citizens is also local exchange carrier authorized to provide telecommunications services in Tennessee. It is an incumbent local exchange carrier (“ILEC”), as defined in section 251(h) of the Act, authorized to provide local exchange services in areas in Tennessee currently served by Universal Telecom.

10. The TRA approved the resale agreement between Citizens and Universal Telecom in its “Order Approving Resale Agreement” in Docket No. 99-00920. *See* Exhibit 3.

11. Section 252(d)(3) of the Act confers jurisdiction on the TRA and provides that “a State commission shall determine wholesale rates” for purposes of interconnection.

12. The TRA also has jurisdiction to consider this complaint pursuant to T.C.A. § 65-5-201, which provides that the TRA has the power to fix just and reasonable individual rates. . . “whenever the authority shall determine any existing individual rate. . . to be unjust, unreasonable, excessive. . . [or] unjustly discriminatory. . . howsoever the same may have heretofore been fixed or established.”

III. CITIZENS HAS VIOLATED ITS DUTY UNDER BOTH THE ACT AND THE TENNESSEE CODE TO OFFER TELECOMMUNICATIONS SERVICES FOR RESALE AT JUST, REASONABLE, AND NONDISCRIMINATORY RATES.

A. The applicable law.

13. Section 251 of the Act¹ requires that all local exchange carriers (“LEC’s”) interconnect their networks with those of competing service providers upon request. An ILEC has certain additional obligations under section 251(c)², including the duty to provide rates, terms, and conditions that are just, reasonable, and nondiscriminatory under Section 252.³

14. One of these ILEC-specific duties legislated under Section 251(c)(4)⁴ is a duty to offer CLEC’s the opportunity to purchase, at wholesale rates, the ILEC’s telecommunications services.

15. Section 252(d)(3)⁵ addresses “wholesale rates,” providing that “a State commission shall determine wholesale rates on the basis of retail rates charged to subscribers for the telecommunications service requested, excluding the portion thereof attributable to any marketing, billing, collection, and other costs that will be avoided by the local exchange carrier.”

16. In addition to the provisions of the Act, T.C.A. § 65-4-123, establishes a Tennessee policy “to foster the development of an efficient, technologically advanced,

¹ 47 U.S.C. § 251.

² 47 U.S.C. § 251(c).

³ 47 U.S.C. § 252.

⁴ 47 U.S.C. § 251(c)(4).

⁵ 47 U.S.C. § 252(d)(3).

statewide system of telecommunications services by permitting competition in all telecommunications services markets.” Furthermore, the legislature provided, “[T]he regulation of telecommunications services and telecommunications services providers shall protect the interests of consumers without unreasonable prejudice or disadvantage to any telecommunications services provider.”

17. To these ends, the legislature provided (in T.C.A. § 65-5-204):

(a) No public utility shall:

(1) Make, impose, or exact any unreasonable, unjustly discriminatory or unduly preferential individual or joint rate. . . for any . . . service supplied or rendered by it within this state.”

18. Consistent with state policy and the prohibition on unreasonable or discriminatory rates, the Tennessee legislature has granted the TRA the power to fix just and reasonable rates, “whenever the [TRA] shall determine any existing individual rate [or] joint rate. . . to be unjust, unreasonable, excessive. . . or unjustly discriminatory. . . howsoever the same may have heretofore been fixed or established.” T.C.A. §65-5-201.

B. The factual background.

19. The Resale Agreement between Citizens and Universal Telecom does not address the use of OS/DA services.

20. As an integral part of its business plan, Universal Telecom prohibits its customers from accessing OS/DA services. Universal Telecom’s business consists of selling local exchange carrier services on a *prepaid* basis only. Generally, these services are purchased by credit-challenged individuals unable to afford the deposit required by the ILEC. By selling to these customers on a prepaid basis, Universal Telecom is able to provide telecommunications services to individuals who would not, otherwise, have

convenient access to telecommunications services. However, because of the credit risk involved with its customers, Universal Telecom blocks access to all telecommunications services (including OS/DA services) for which a charge, other than the prepaid charge, could be assessed. Universal Telecom customers cannot and do not access OS/DA services.

21. Under the Resale Agreement between Universal Telecom and Citizens, OS/DA services are not addressed and, therefore, the rate Citizens charges Universal Telecom for such services should be determined by the TRA pursuant to Section 252(d)(3) of the Act.⁶

22. Universal Telecom will neither provide nor outsource its OS/DA services because the provision of OS/DA services is a business risk that Universal Telecom cannot bear.

23. However, Universal Telecom maintains its position that it should not be forced to pay for OS/DA services it does not use. Citizens does not incur a cost for the provision of OS/DA services to Universal Telecom when Universal Telecom prohibits its customers from accessing OS/DA services.

24. Universal Telecom has made requests, including a written request to Citizens for the discount rate associated with the costs Citizens avoids by not providing OS/DA services to Universal Telecom. *See* Exhibit 4. Each request has been met with complete nonresponsiveness.

C. Universal Telecom is entitled to the appropriate discount rate.

25. Citizens' failure to provide Universal Telecom with the discount rate associated with the costs that Citizens avoids by not providing OS/DA services is unjust

and unreasonable in violation of sections 251 and 252 of the Act and T.C.A. §§ 65-4-123, 65-5-201, and 65-5-204.

26. Citizens avoids Call Completion and Numbering Services expenses when Universal Telecom prohibits its customers from accessing OS/DA services. That savings to Citizens must be passed on to Universal Telecom.

27. The real impact of Citizens' failure to provide the appropriate discount rate is felt by Universal Telecom's customers, who must ultimately bear the cost of the OS/DA services they are not allowed to access. Typically, these customers already have difficulty securing telecommunications services, and Universal Telecom – consistent with the Tennessee policy of developing an efficient, technologically advanced, *statewide* system of telecommunications services – assists them in this respect by providing access to telecommunications services on a prepaid basis. Citizens' failure to provide Universal Telecom with the appropriate discount rate (through no fault of Universal Telecom) ultimately requires the customers to pay for more than they receive.

28. Accordingly, the TRA should recognize that Citizens' failure to provide the discount rate associated with those costs that Citizens avoids by not providing OS/DA services to Universal Telecom is unjust and unreasonable in violation of sections 251 and 252 of the Act and T.C.A. §§ 65-4-123, 65-5-201, and 65-5-204. Citizens' failure to provide the appropriate discount rates places Universal Telecom at a competitive disadvantage and harms the public by forcing it to pay inflated rates (at Citizens' benefit) for telecommunications services.


⁶ 47 U.S.C. § 252(d)(3).

WHEREFORE, Universal Telecom respectfully requests that the TRA exercise its powers under Sections 251 and 252 of the Act and T.C.A. §65-5-201 to do the following.

(1) Issue a declaratory ruling that Citizens avoids costs for OS/DA services when Universal Telecom does not allow its customers to access OS/DA services; and

(2) Issue an Order compelling Citizens to provide Universal Telecom with the appropriate discount rate on both a retroactive and prospective basis for that period within which Universal Telecom has not allowed its customers to access OS/DA services.

Respectfully submitted,



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(502) 540-2300

**COUNSEL TO UNIVERSAL
TELECOM, INC.**


CERTIFICATE OF SERVICE

I hereby certify that a true copy of the foregoing was served via first class United States mail, this 3rd day of October, 2001, on:

Citizens Communications
Interconnection Services Dept.
5600 Headquarters Drive
Plano, TX 75024

Citizens Communications
Attn: Interconnection Manager – Tennessee, West Virginia Regions
P.O. Box 251209
Plano, TX 75205-1209

Citizens Communications
Attn: Associate General Counsel
Richard Tettelbaum
1400 16th Street N.W.
Washington, D.C. 20036


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**COUNSEL TO UNIVERSAL
TELECOM, INC.**

Company ID: 128334
Universal Telecom, Inc.
210 South First Street, Suite-A
LaGrange, KY 40031

BEFORE THE TENNESSEE REGULATORY AUTHORITY
Nashville, TN
May 4, 1999

IN RE: CASE NUMBER: 99-00237

Application for Authority to Provide Operator Services and/or Resell Telecommunications Services in Tennessee Pursuant to Rule 1220-4-2-.57.

—ORDER—

This matter is before the Tennessee Regulatory Authority upon the application of the above-mentioned company for certification as a reseller or telecommunication operator service provider in Tennessee. The TRA considered this application at a Conference held on May 4, 1999 and concluded that the applicant has met all the requirements for certification and should be authorized to provide operator services and/or resell telecommunications services on an intrastate basis.

IT IS THEREFORE ORDERED:

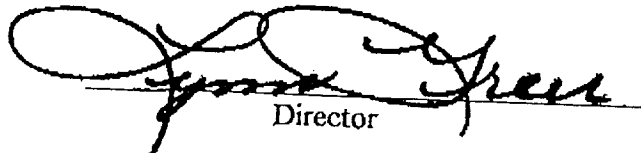
1. That the above-mentioned company is issued a Certificate of Convenience and Necessity as an operator service provider and/or reseller of telecommunications services for state-wide service in Tennessee as specified in its application on file with the Authority.
2. That said company shall comply with all applicable state laws and TRA rules and regulations.
3. That this order shall be retained as proof of certification with this Authority, and may be used to obtain appropriately tariffed service and billing arrangements from Authority authorized telecommunications service providers.


Chairman


Director

ATTEST:


Executive Secretary


Director

Agreement Number: 99-UNVTELVOL-001

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EXECUTED AND SIGNED

99-00920

AGREEMENT BETWEEN

**CITIZENS TELECOMMUNICATIONS COMPANY
OF THE VOLUNTEER STATE, LLC.**

and

Universal Telecom, Inc.

Dated: October 15, 1999

FILE

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EXHIBIT A

**Agreement Regarding
The Sale of Citizens' Telecommunications Services
to Reseller For The Purposes of Resale**

THIS AGREEMENT is by and between Citizens Telecommunications Company of The Volunteer State, LLC., ("Citizens"), a Delaware corporation, and Universal Telecom, Inc., ("Reseller"), a Kentucky corporation, and will be deemed effective as of October 15, 1999. Citizens and Reseller may also be referred to herein collectively as the "Parties" and singularly as a "Party".

Citizens is a local exchange telecommunications company authorized to provide telecommunications services in the state of Tennessee; and

Reseller is a competitive local exchange telecommunications company authorized to provide telecommunications services in Citizens' service area in the state of Tennessee (hereinafter referred to as "Requested State"); and

Reseller desires to resell certain Citizens' telecommunications services; and

Citizens has agreed to provide such services to Reseller for resale purposes and pursuant to the terms and conditions set forth herein;

For and in consideration of the mutual premises and promises contained herein, Citizens and Reseller do hereby agree as follows:

1. TERM OF THE AGREEMENT:

A. The term of this Agreement will be one year(s) beginning October 15, 1999 and will apply to Citizens' serving territory in the state of Tennessee.

B. This Agreement will be automatically renewed for successive one (1) year periods unless either Party indicates its intent not to renew the Agreement. Notice of such intent must be provided, in writing, to the other Party no later than sixty (60) days prior to the end of the then-existing contract period.

2. DEFINITIONS:

A. "End User Of Record" means the entity responsible for placing orders or requests for service; requesting additions, rearrangements, maintenance or discontinuance of service, and making payment in full of charges incurred such as toll, directory assistance, etc.

B. "End User" means the ultimate user of the telecommunications services being resold by Reseller. "End User" will mean an end user customer within Citizens' operating area, which is presently an End User of Citizens.

C. "End User Customer Location" means the physical location of the premises where an End User makes use of the telecommunications services.

D. "Competitive Local Exchange Company" ("CLEC") means a telephone company certificated by the Public Service Commission(s) ("PSC") of Citizens' franchised area to provide local exchange service within Citizens' franchised area, and which has a Local Exchange Company Tariff approved by the applicable PSC.

E. "Resale" means an activity wherein a certificated CLEC, such as Reseller subscribes to the retail telecommunications services of Citizens and then re-offers those telecommunications services

to the public with or without "adding value".

F. "Local Interconnection Guide" (the "Guide") means the document provided to Reseller by Citizens, included by reference herein and made a part hereof, which outlines the process and procedures for ordering and maintaining Resale Services. This document may be updated from time to time by Citizens.

3. SERVICE TO END USERS:

A. Reseller will be the End User of Record for all services purchased from Citizens. Except as otherwise specified herein, Citizens will only take orders from, bill and expect payment from Reseller for all services. Reseller will be Citizens' single point of contact for all services purchased pursuant to this Agreement.

B. Citizens will continue to bill the End User for any services that the End User specifies it wishes to receive directly from Citizens.

C. Citizens maintains the right to serve directly any End User within Citizens' serving area. Citizens will continue to directly market its own telecommunications products and services and in doing so may establish independent relationships with End Users of Reseller.

D. Neither Party will interfere with the right of any person or entity to obtain service directly from the other Party.

E. Reseller will be serving customers who have been denied service or whose service has been terminated by Citizens for credit reasons and who may owe Citizens sums of money for providing service in the past. Accordingly, in order to induce Citizens to establish service to such accounts for resale by Reseller, Reseller agrees to pay Citizens its tariffed end user rates for such service.

F. Telephone numbers associated with Citizens' retail telecommunication services offered for resale are assigned to the service furnished. Reseller has no property right to the telephone number or any other call number designation associated with services furnished by Citizens, and no right to the continuance of service through any particular central office. Citizens reserves the right to change such numbers, or the central office designation associated with such numbers, or both, consistent with telephone number conservation and administrative practices, such as NPA splits, generally prevailing in the local exchange telecommunications industry.

G. Service is furnished subject to the condition that it will not be used for any unlawful purpose.

H. Service will be discontinued by Citizens if any law enforcement agency advises that the service is being used in violation of the law.

I. Citizens can refuse to provide service to Reseller when it has reasonable grounds to believe that service will be used in violation of the law.

4. CITIZENS' PROVISION OF SERVICES TO RESELLER:

A. Reseller agrees that its resale of Citizens services will be as follows:

a. The resale of telecommunications services will be limited to End Users and uses conforming to the class of service restrictions in Citizens' Local Exchange Service Tariff in the Requested

State and pursuant to all rules and regulations related to the provision of local exchange services promulgated by the applicable PSC.

b. If telephone service is established and it is subsequently determined that the class of service restriction has been violated, Reseller will be notified and billing for that service will be immediately changed to the appropriate class of service. Service charges for changes between class of service, back billing, and interest as described in this subsection will apply at Citizens' sole discretion. Interest at the rate of 1% per month or 12% annually, the maximum allowed by law, compounded daily for the number of days from the back billing date to and including the date that Reseller actually makes the payment to Citizens may be assessed.

c. Citizens reserves the right to periodically audit services purchased by Reseller to establish compliance with 4Aa, above. Such audit will not occur more than once in a calendar year. Reseller will make any and all records and data available to Citizens or Citizens' auditors on a reasonable basis. Citizens will bear its own costs and those of Citizens' auditors for said audit.

B. Resold services can only be used in the same manner as specified in Citizens' Tariff filed in the Requested State. Resold services are subject to the same terms and conditions as are specified for such services when furnished to an individual End User of Citizens in the appropriate section of Citizens' Tariff. Specific Tariff features, e.g., a usage allowance per month, will not be aggregated across multiple resold services. Resold services cannot be used to aggregate traffic from more than one end user customer.

C. Reseller may resell Citizens' services only within the specific Citizens' service area as defined in Citizens' Tariff.

D. Telephone numbers transmitted via any resold service feature are intended solely for the use of the End User of the feature. Resale of this information is prohibited.

E. Law enforcement agency subpoenas and court orders regarding End Users of Reseller will be directed to Reseller. Citizens will bill Reseller for implementing any requests by law enforcement agencies regarding Reseller End Users. Citizens will cooperate fully with law enforcement agencies with subpoenas and court orders for assistance with Reseller's End Users.

F. Reseller may resell the tariffed retail local exchange services of Citizens subject to the terms and conditions specifically set forth herein and as described in Exhibit A attached hereto. Notwithstanding the foregoing, the following are not available for purchase: grandfathered services; promotional and trial retail service offerings of less than ninety (90) days duration; lifeline and linkup services; contract service arrangements; installment billing options; 911 and E911 services; interconnection services; legislatively or administratively mandated specialized discounts (e.g., educational institution discount) and discounted services to meet competitive situations.

G. White page directory listings will be provided in accordance with regulations set forth in Citizens' Local Exchange Service Tariff.

H. Reseller agrees to abide by the terms and conditions of the Guide, which is incorporated by reference herein.

I. Reseller is liable for all fraud associated with service to its End Users and accounts. Citizens takes no responsibility, will not investigate, and will make no adjustments to Reseller's account in cases of fraud unless such fraud is the result of an intentional act or gross negligence of Citizens'. Notwithstanding the foregoing, if Citizens becomes aware of potential fraud with respect to Reseller's accounts, Citizens will promptly inform Reseller and, at the direction of Reseller, take reasonable action to

mitigate the fraud where such action is possible. Further, notwithstanding the foregoing, if Reseller orders a resold line to be equipped with toll blocking, and Citizens fails to so equip the line, Citizens will not require Reseller to pay for intraLATA toll billed to that resold line prior to toll blocking being placed on the line. However, Reseller remains liable for intraLATA toll calls if the resold line is equipped with toll blocking by Citizens and an End User bypasses a blocking arrangement and makes toll calls by some other means.

5. MAINTENANCE OF SERVICES:

- A. Services resold by Citizens will be maintained by Citizens, up to and including the Network Interface Device.
- B. Reseller or its End Users may not rearrange, move, disconnect, remove or attempt to repair any facilities owned by Citizens, other than by connection or disconnection to any interface means used.
- C. Reseller accepts responsibility to notify Citizens of situations that arise that may result in a service problem.
- D. Reseller will be the single point of contact for all repair calls on behalf of Reseller's End Users.
- E. Reseller will contact the appropriate repair centers in accordance with procedures established by Citizens.
- F. For all repair requests, Reseller accepts responsibility for adhering to Citizens' prescreening guidelines prior to referring the trouble to Citizens.
- G. Citizens will bill Reseller for handling troubles that are found not to be in Citizens' network pursuant to its standard time and material charges as set forth in Citizens' Tariff.
- H. Citizens reserves the right to contact Reseller's End User if deemed necessary, for maintenance purposes in an emergency or as a result of a service call which Reseller may initiate.

6. ESTABLISHMENT OF SERVICE:

- A. Reseller must provide the appropriate Citizens' representative the necessary documentation to enable Citizens to establish a master account for Reseller. Such documentation will include a completed CLEC Master Account Questionnaire, proof of authority to provide resold telecommunications services within Citizens' territory, proof that tariffs are on file and approved by the applicable PSC, and a tax exemption certificate, if applicable. Citizens will begin taking orders for the resale of service after the necessary documents have been provided to Citizens, necessary deposit requirements are met, and this Agreement has been approved by the appropriate state PSC.
- B. Service orders and preorders will be in a standard format designated by Citizens as set forth in the Guide. Service orders fees will apply as set forth in Citizens' Tariff.
- C. When notification is received from Reseller that a current End User of Citizens will subscribe to Reseller's service, standard service order intervals for the appropriate class of service will apply.
- D. When an existing End User of Citizens switches to Reseller, Reseller must provide Citizens with the end user line numbers and applicable feature detail, as set forth in the Guide.

E. Citizens will require a Letter of Authorization ("LOA") signed by the End User prior to establishing service for such End User with Reseller, as set forth in the Guide.

F. Reseller will be the single point of contact with Citizens for all subsequent ordering activity resulting in additions or changes to resold services except that Citizens will accept a request directly from the End User for conversion of the End User's service from Reseller to Citizens or will accept a request from another CLEC for conversion of the End User's service from the Reseller to the other CLEC. Citizens will notify Reseller that such a request has been processed.

G. If Citizens determines that an unauthorized change in local service to an End User has occurred, Citizens will reestablish service with the appropriate local service provider and will assess Reseller as the CLEC initiating the unauthorized change, an unauthorized change charge of \$100 per occurrence, per line.

H. Citizens will, in order to safeguard its interest, require Reseller to make a deposit to be held by Citizens as a guarantee of the payment of rates and charges, unless satisfactory credit has already been established. Any such deposit may be held during the continuance of the service as security for the payment of any and all amounts accruing for the service.

I. Such deposit may not exceed two (2) months' estimated billing.

J. The fact that a deposit has been made in no way relieves Reseller from complying with Citizens' regulations as to advance payments and the prompt payment of bills on presentation nor, does it constitute a waiver or modification of the regular practices of Citizens providing for the discontinuance of service for non-payment of any sums due Citizens.

K. Citizens reserves the right to increase the deposit requirements when, in its sole judgment, the conditions justify such action; such conditions include but are not limited to: current deposit does not cover two (2) months billing, history of late payment, or reconnection after disconnection for non-payment.

L. In the event that Reseller defaults on its account, service to Reseller will be terminated and any deposits held will be applied to its account.

M. In the case of a cash deposit, interest at the rate of 8% per annum will be paid to Reseller during the continuance of the deposit. Interest on a deposit will accrue annually.

7. PAYMENT AND BILLING ARRANGEMENTS:

A. When the initial service is ordered by Reseller, and subject to Section 4, paragraph A, above, Citizens will establish one or more accounts receivable master accounts for Reseller.

B. Citizens will bill Reseller, in advance, charges for all services to be provided during the ensuing billing period except charges associated with service usage, which charges will be billed in arrears. Charges will be calculated on an individual end user account level, including, if applicable, any charges for usage or usage allowances. Citizens will also bill all charges, including but not limited to 911 and E911 charges, telecommunications relay charges, franchise fees and Subscriber Line Charges on an individual end user account level. In the event that an individual End User does not presubscribe to an interexchange carrier, Reseller will be billed the applicable Primary Interexchange Carrier Charge (the "PICC"). Citizens will render bills each month on established bill days for each of Reseller's master accounts.

C. Payment of all charges will be the responsibility of Reseller. Reseller will make payment to Citizens for all services billed. Citizens is not responsible for payments not received by Reseller from

Reseller's End User(s). Citizens will not become involved in billing disputes that may arise between Reseller and its End User(s). Payments made to Citizens as payment on account will be credited to an accounts receivable master account and not to an End User's account.

D. Payments will be due and payable upon receipt of the bill and will be considered late if not paid by the date specified on the bill (stated on the bill as either "Current Amount Due By" or "Current Amount Due By Date"), hereinafter referred to as ("Due Date"). Payment is considered to have been made when received by Citizens in immediately available funds.

If the Due Date falls on a Sunday or on a Holiday which is observed on a Monday, the Due Date will be the first non-Holiday day following such Sunday or Holiday. If the Due Date falls on a Saturday or on a Holiday which is observed on Tuesday, Wednesday, Thursday, or Friday, the Due Date will be the last non-Holiday day preceding such Saturday or Holiday. If payment is not received by the Due Date, a late payment penalty, as set forth in Paragraph I following, will apply.

E. When Reseller has provided proof of tax exempt certification, the total amount billed to Reseller will not include any taxes due from the End User. Reseller will be solely responsible for the computation, tracking, reporting and payment of all federal, state and/or local jurisdiction taxes associated with the services resold to the End User, unless, by law, Citizens is required to remit such tax.

F. If any portion of the payment is received by Citizens after the Due Date as set forth preceding, or if any portion of the payment is received by Citizens in funds that are not immediately available to Citizens, then a late payment penalty will be due to Citizens, as specified in Citizens applicable state tariff.

The late payment penalty will be the portion of the payment not received by the Due Date times a late factor. The late factor will be the highest interest rate (in decimal value) which may be levied by law for commercial transaction, compounded daily for the number of days from the Due Date to and including the date that Reseller actually makes the payment to Citizens.

G. Any switched or flat rated (e.g., the PICC) access charges associated with interexchange carrier access to the resold local exchange lines will be billed to the interexchange carrier and are due to Citizens.

H. Citizens will not perform billing and collection services for Reseller.

I. Reseller is responsible for payment of all appropriate charges for completed calls, services, and equipment. If objection in writing is not received by Citizens within twenty-nine (29) days after the bill is rendered, the account will be deemed correct and binding upon Reseller. Both Parties agree to use best efforts to resolve any billing disputes through informal discussions at a working level within thirty (30) days after receipt of notice thereof. If the billing dispute is not resolved within such thirty (30) day period, both Parties agree to escalate the dispute to their respective next level of management each week until such dispute is resolved. If the dispute is resolved in Citizens' favor, and Reseller has not already paid the disputed amount, the late payment fee referenced in Paragraph F, above, will apply to any such unpaid amount from the Due Date until full payment thereof is received by Citizens. If the dispute is resolved in Reseller's favor, and Reseller has already paid the disputed amount, Reseller will receive a credit for such amount, plus interest from the date such payment was received, calculated at the rate specified in Paragraph F, above. Both Parties will retain such detailed information as may reasonably be required for resolution of the dispute during the time such dispute is pending. Notwithstanding the foregoing, Reseller agrees to pay Citizens all costs and/or expenses, including reasonable attorney's fees, incurred by Citizens in its collection of any undisputed amounts.

J. No partial payment by Reseller will be treated otherwise than as a payment on the master account. The acceptance by Citizens of a check for a lesser amount with an endorsement or statement

thereon, or upon any letter accompanying such check, that such lesser amount is payment in full, will be given no effect, and Citizens may accept such check without prejudice to any other rights or remedies which Reseller may have against Citizens and apply it as a partial payment. All invoices submitted to Reseller, or payments due by Reseller to Citizens, will be paid as such and will not be netted against any amount due from Citizens. In the event Reseller makes an overpayment to Citizens, such amount will not be liable for the interest or late payment fee associated with the overpayment. Citizens will promptly return such overpayment upon Reseller's request.

8. DISCONTINUANCE OF SERVICE TO END USER:

The procedures for temporarily denying or permanently disconnecting service to an End User are as follows:

- a. Citizens will temporarily deny service to Reseller's End User on behalf of, and at the request of Reseller. Upon restoration of the End User's service, restoral charges will apply and will be charged to the master account of Reseller.
- b. All requests by Reseller for temporary denial, restoration, or permanent disconnection of an End User for nonpayment must be in writing and must be on, or accompanied by, the appropriate ordering form. Reseller is responsible for compliance with regulatory requirements for termination and temporary disconnection of service to End User(s).
- c. Reseller will be made solely responsible for notifying the End User, in advance, of the proposed temporary denial or permanent disconnection of the service.
- d. Citizens will advise Reseller when it is determined that annoyance calls are originated from one of their End User's locations. Citizens will be indemnified, defended and held harmless by Reseller and/or the End User against any claim, loss, or damage arising from providing this information to Reseller. It is the responsibility of Reseller to take the corrective action necessary with its End Users who make annoying calls. Failure to do so will result in Citizens disconnecting the End User's service.

9. DISCONTINUANCE OF SERVICE TO RESELLER:

The procedures for discontinuing service to Reseller are as follows:

- a. Citizens reserves the right to suspend or terminate service for nonpayment, or in the event of prohibited, unlawful or improper use of the facilities or service, abuse of the facilities, or any other violation or noncompliance by Reseller of the rules and regulations of Citizens' Tariff, or this Agreement.
- b. If payment of account is not received by the Due Date, Citizens may provide written notice to Reseller, that the payment is overdue and that additional applications for service will be refused and that any pending orders for service will not be completed if payment is not received by the fifteenth day following the date of the notice. Nothing contained herein will preclude Citizens' right to refuse additional applications for service without further notice. Late payment fees as set forth in Section 7F will also apply. Notification costs will be charged to the Reseller.
- c. If payment of account or formal notice of billing dispute as set forth in Section 7, paragraph F is not received, or arrangements made, within thirty (30) days after the Due Date, the account will be considered in default and will be subject to denial, or disconnection, or both.
- d. If Reseller fails to comply with the provisions of this Agreement, including any payments to be made by it on the dates and times herein specified, Citizens will provide thirty (30) days written notice of such noncompliance. If Reseller does not cure such noncompliance, Citizens may

discontinue the provision of all existing services to Reseller at any time thereafter and Reseller will be obligated to notify its End Users that service will be discontinued (as specified in Section 6 hereof). In the case of such discontinuance, all billed charges, as well as applicable termination charges, will become due. If Citizens does not discontinue the provision of the services involved on the date specified in the thirty (30) days notice, and Reseller's noncompliance continues, nothing contained herein will preclude Citizens' right to discontinue the provision of the services to Reseller without further notice.

e. If payment is not received or arrangements made for payment by the date given in the written notification, Reseller's services will be discontinued. Citizens will reestablish service at the request of Reseller upon payment of the appropriate connection fee and subject to Citizens' normal application procedures.

f. Where Reseller discontinues its provision of service to all or substantially all of its End Users, the Reseller must send advance written notice of such discontinuance to Citizens and to each of the Reseller's End Users. Such notice must include a verification that the Reseller has notified its End Users of the discontinuance, and must state the date on which such end user notice was mailed. If the End User fails to make other arrangements within fifteen (15) days of the date of notice provided by the Reseller, Citizens will continue to serve the End User at its retail rates.

10. GENERAL PROVISIONS:

A. The provision of services by Citizens to Reseller does not constitute a joint undertaking for the furnishing of any service, nor does it indicate that the Reseller is authorized by Citizens. Neither Party will use the name or marks, refer to or identify the other Party in advertising or publicity releases, promotional or marketing correspondence to others without first securing the written consent of such other Party. Regarding the execution of this Agreement, each Party agrees that it will not, without the prior written consent of the other Party, make any news release, public announcement, or denial or confirmation of the whole or any part of this Agreement which names the other Party.

B. No patent, copyright, trademark or other proprietary right is licensed, granted or otherwise transferred by this Agreement. Reseller is strictly prohibited from any use, including but not limited to sale, marketing, or advertising, of any Citizens' name or trademark.

C. The characteristics and methods of operation of any circuits, facilities, or equipment provided by Reseller or any of its End Users, or otherwise in conjunction with services resold hereunder, will not in any way interfere with or impair service over any facilities of Citizens, its affiliates, or its connecting and concurring carriers involved in its service as set forth in Citizens' Tariff.

D. Facilities and/or equipment utilized by Citizens to provide service to Reseller and Reseller's End Users remain the property of Citizens.

11. DIRECTORY LISTINGS AND DISTRIBUTION SERVICES:

A. Reseller agrees to provide to Citizens or its publisher, as specified by Citizens, all subscriber list information (including additions, changes and deletions) for its customers and those of any resellers of Reseller services, located within Citizens operating areas.

B. Citizens will include Reseller's End-User primary listings in the appropriate sections of its telephone directories (residence and business listings) as well as in any electronic directories in which Citizens' own End-Users are ordinarily included, and directory assistance databases. Listings of Reseller's End-Users will be interfiled with listings of Citizens' Customers and the Customers of other LECs, in the local section of Citizens' directories.

- C. Reseller will identify any of these subscribers that are "non-published" customers. Reseller will provide Citizens with the directory information for all its End-Users in the format specified in the Citizens' Local Interconnection Guide. Subscriber list information will include customer name, address, telephone number, appropriate classified heading and all other pertinent data elements as requested by Citizens. Reseller will provide all subscriber listings at no charge to Citizens or its publisher.
- D. Reseller's End-Users' standard primary listing information in the telephone directories will be provided at no charge. Reseller will pay Citizens' tariffed charges for additional and foreign white page listings.
- E. Both Parties will use their best efforts to ensure the accurate listing of Reseller's End-User listings. Citizens will provide appropriate advance notice of the applicable directory close dates.
- F. Citizens will accord Reseller directory listing information the same level of confidentiality which Citizens accords its own directory listing information. Reseller grants Citizens full authority to provide Reseller subscriber listings, excluding non-published telephone numbers, to other directory publishers and releases Citizens and its publisher from any liability resulting from the provisioning of such listings. In exchange for Citizens providing this subscriber list service, Citizens will charge, bill, collect and retain any monies derived from the sale of Reseller listings to other directory publishers.
- G. Citizens will distribute its telephone directories to Reseller's End-Users in a manner similar to the way it provides those functions for its own end-users.
- H. Reseller will adhere to all practices, standards, and ethical requirements of Citizens with regard to listings, and, by providing Citizens with listing information, warrants to Citizens that Reseller has the right to place such listings on behalf of its End-Users. Reseller agrees that it will undertake commercially practicable and reasonable steps to attempt to ensure that any business or person to be listed is authorized and has the right to provide the product or service offered, and to use any personal or corporate name, trade name, or language used in the listing. In addition, Reseller agrees to release, defend, hold harmless and indemnify Citizens from and against any and all claims, losses, damages, suits, or other actions, or any liability whatsoever, suffered, made, instituted, or asserted by any person arising out of Citizens' listing of the information provided by Reseller hereunder.
- I. Citizens' liability to Reseller in the event of a Citizens' error in or omission of a listing will not exceed the amount of charges actually paid by Reseller for such listing. In addition, Reseller agrees to take, with respect to its own End-Users, all reasonable steps to ensure that its' and Citizens' liability to Reseller's End-Users in the event of a Citizens' error in or omission of a listing will be subject to the same limitations that Citizens' liability to its own End-Users are subject to.

12. LIABILITY:

- A. Citizens' liability will be subject to the same terms and conditions as outlined in its Tariff.
- B. Reseller will indemnify and hold Citizens harmless against any and all claims, actions, causes of action, damages, liabilities, or demands (including the costs, expenses and reasonable attorneys' fees, on account thereof) of whatever kind or nature that may be made by any third party, including Reseller's End Users, as a result of Citizens' furnishing of service to Reseller and Resellers provision of such services to End Users.
- C. Citizens will be indemnified, defended and held harmless by Reseller and/or the End User against any claim, loss or damage arising from the use of services offered for resale involving:
- a. Claims for libel, slander, invasion of privacy or infringement of copyright arising from Reseller's or End User's own communications.

b. Claims for patent infringement arising from acts combining or using Citizens services in connection with facilities or equipment furnished by the End User or Reseller.

c. All other claims arising out of an act or omission of Reseller or its End User in the course of using services.

D. Reseller accepts responsibility for providing access to End Users' premises for maintenance purposes of any service resold under the provisions of this Agreement. Citizens will not be responsible for any failure on the part of Reseller with respect to any End User of Reseller.

13. CONFIDENTIALITY AND PUBLICITY:

A. All proprietary or confidential information ("Proprietary Information") disclosed by either Party during the negotiations and the term of this Agreement will be protected by both Parties in accordance with the terms of this Section 12.

B. As used in this Agreement, the term "Proprietary Information" will mean written, recorded, machine readable or other information provided in tangible form to one Party by the other Party regarding the above referenced subject matter and which is marked proprietary or confidential with the appropriate owner corporation name, e.g., "Citizens Proprietary". Information disclosed orally will not be considered proprietary unless such information is reduced to writing by the disclosing Party and a copy is delivered to the other Party within thirty (30) business days after such oral disclosure. The writing will also state the place, date and person(s) to whom disclosure was made.

C. Each Party agrees that it will not disclose any Proprietary Information of the other Party in whole or in part, including derivations, to any third party for a period of three (3) years from the date of disclosure unless the Parties agree to modify this Agreement to provide for a different nondisclosure period for specific materials. Neither Party will be liable for inadvertent or accidental disclosure of Proprietary Information of the other Party provided that:

a. each Party uses at least the same degree of care in safeguarding such Proprietary Information as it uses for its own proprietary information of like importance, and such degree of care will be reasonably calculated to prevent such inadvertent disclosure;

b. it limits access to such Proprietary Information to its employees and agents who are directly involved in the consideration of the Proprietary Information and informs its employees and agents who have access to such Proprietary Information of its duty not to disclose; and

c. upon discovery of any such inadvertent disclosure of Proprietary Information, it will endeavor to prevent any further inadvertent disclosure.

D. Information will not be deemed proprietary and the receiving Party will have no obligation with respect to any such information which:

a. is or becomes publicly known through no wrongful act, fault or negligence of the receiving Party; or

b. was known by the receiving Party or by any other affiliate or subsidiary of the receiving Party prior to disclosure, or is at any time developed by the receiving Party independently of any such disclosure; or

c. was disclosed to the receiving Party by a third party who was free of obligations of confidentiality to the disclosing Party; or

d. is disclosed or used by the receiving Party, not less than three (3) years following its initial disclosure or such other nondisclosure period as may be agreed in writing by the Parties; or

e. is approved for release by written authorization of the disclosing Party; or

f. is disclosed pursuant to a requirement or request of a governmental agency or disclosure is required by operation of law; or

g. is furnished to a third party by the disclosing Party without a similar restriction on the third party's rights.

E. Since either Party may choose not to use or announce any services, products or marketing techniques relating to these discussions or information gained or exchanged during the discussions, both Parties acknowledge that one is not responsible or liable for any business decisions made by the other in reliance upon any disclosures made during any meeting between the Parties or in reliance on any results of the discussions. The furnishing of Proprietary Information to one Party by the other Party will not obligate either Party to enter into any further agreement or negotiation with the other.

F. Nothing contained in this Agreement will be construed as granting to one Party a license, either express or implied, under any patent, copyright, or trademark, now or hereafter owned, obtained, controlled, or which is or may be licensable by the other Party.

G. All publicity regarding this Agreement and its Attachments is subject to the Parties' prior written consent.

H. Unless otherwise agreed upon, neither Party will publish or use the other Party's name, language, pictures, or symbols from which the other Party's name may be reasonably inferred or implied in any advertising, promotion, or any other publicity matter relating directly or indirectly to this Agreement.

I. The Parties acknowledge that this Agreement contains commercially confidential information that may be considered proprietary by either or both Parties, and agree to limit distribution of this Agreement to those individuals in their respective companies with a need to know the contents of this Agreement. The Parties further agree to seek commercial confidential status for this Agreement with any regulatory commission with which this Agreement must be filed or otherwise provided, to the extent such a designation can be secured.

14. ESCALATION DISPUTE RESOLUTION AND MEDIATION:

Any controversy or claim arising out of or relating to this Agreement, or the breach thereof, will be resolved by both Parties according to the procedures set forth below.

A. The Parties desire to resolve disputes arising out of this Agreement without litigation. Accordingly, except for action seeking a temporary restraining order or injunction related to the purposes of this Agreement, or suit to compel compliance with this dispute resolution process, the Parties agree to use the following alternative dispute resolution procedure as their sole remedy with respect to any controversy or claim arising out of or relating to this Agreement or its breach.

B. At the written request of a Party, each Party will appoint a knowledgeable, responsible representative to meet and negotiate in good faith to resolve any dispute arising under this Agreement. The Parties intend that these negotiations be conducted by non-lawyer, business representatives. The location, format, frequency, duration and conclusion of these discussions will be left to the discretion of the representatives. Upon agreement, the representatives may utilize other alternative dispute resolution procedures such as mediation to assist in the negotiations. Discussions and correspondence among the

representatives for purposes of these negotiations will be treated as confidential information developed for purposes of settlement, exempt from discovery and production, which will not be admissible in the arbitration described below or in any lawsuit without the concurrence of all Parties. Documents identified in or provided with such communications, which are not prepared for purposes of the negotiations, are not so exempted and may, if otherwise admissible, be admitted in evidence in the arbitration or lawsuit.

C. If the negotiations do not resolve the dispute within sixty (60) days of the initial written request, the dispute will be submitted to binding arbitration by a single arbitrator pursuant to the Commercial Arbitration Rules of the American Arbitration Association. A Party may demand such arbitration in accordance with the procedures set out in those rules. Discovery will be controlled by the arbitrator. The arbitration hearing will be commenced within sixty (60) days of the demand for arbitration. The arbitration will be held in Tennessee as mutually agreed to by the Parties. The arbitrator will control the scheduling so as to process the matter expeditiously. The arbitrator will rule on the dispute by issuing a written opinion within thirty (30) days after the close of hearings. The times specified in this Section may be extended upon mutual agreement of the Parties or by the arbitrator upon a showing of good cause. Judgment upon the award rendered by the arbitrator may be entered in any court having jurisdiction.

D. Each Party will bear its own costs of these procedures. The Parties will equally split the fees of the arbitration and the arbitrator.

15. LIMITATION OF USE:

The Parties agree that this Agreement will not be proffered by either Party in another jurisdiction as evidence of any concession or as a waiver of any position taken by the other Party in that jurisdiction or for any other purpose.

16. WAIVERS:

Any failure by either Party to insist upon the strict performance by the other Party of any of the provisions of this Agreement will not be deemed a waiver of any of the provisions of this Agreement, and each Party, notwithstanding such failure, will have the right thereafter to insist upon the specific performance of any and all of the provisions of this Agreement.

17. GOVERNING LAW:

This Agreement will be governed by, and construed and enforced in accordance with, the laws of the State of Tennessee, without regard to its conflict of laws principles.

18. NOTICES:

A. Every notice, consent, approval, or other communications required or contemplated by this Agreement will be in writing and will be delivered in person or given by postage prepaid mail, addressed to:

To Citizens:
Citizens Communications
Attn: Interconnection Manager, East
8800 North Central Expressway
Dallas, TX 75231
Tel: (214) 365-3343
Fax: (214) 365-4815

To Reseller:
Universal Telecom, Inc.
Attn: David Wigginton
105 E. Adams Street
Bldg. 2, Suite 200
Tel: (502) 222-4503
Fax: (502) 222-4594

cc: Citizens Communications
Attn: Associate General Counsel
Richard Tettelbaum
1400 16th St. N. W.
Washington, DC 20036
Tel: (202) 332-5922
Fax: (202) 483-9277

or at such other address as the intended recipient previously will have designated by written notice to the other Party.

B. Where specifically required, notices will be by certified or registered mail. Unless otherwise provided in this Agreement, notice by mail will be effective on the date it is officially recorded as delivered by return receipt or equivalent, and in the absence of such record of delivery, it will be presumed to have been delivered the third day, or next business day after the third day, after it was deposited in the mails, unless sent via over-night courier, in which case will be presumed to have been delivered on the day after it was deposited with the overnight courier.

20. FORCE MAJEURE:

Neither Party will be held liable for any delay or failure in performance of any part of this Agreement to the extent that such failure or delay is caused by acts of God, acts of civil or military authority, government regulations, embargoes, labor disputes, epidemics, war, terrorist acts, riots, insurrections, fires, explosions, earthquakes, nuclear accidents, floods, power blackouts, volcanic action, other major environmental disturbances, unusually severe weather conditions, inability to secure products or services of other persons or transportation facilities, or acts or omissions of transportation common carriers or other causes beyond the reasonable control of such Party. If any Force Majeure condition occurs, the Party delayed or unable to perform will give immediate written notice to the other Party. During the pendency of the Force Majeure condition, the duties of the Party affected by the Force Majeure condition will be abated and will resume without liability thereafter. If any such excusable delay lasts for a period of more than sixty (60) calendar days, the Party not relying on the excusable delay, at its option, may terminate this Agreement, in whole or in part, upon prior written notice, without penalty.

21. INDEPENDENT CONTRACTORS:

Each Party agrees that it will perform its obligations hereunder as an independent contractor and not as the agent, employee, or servant of the other Party. Neither Party nor any personnel furnished by such Party will be deemed an employee or agent of the other Party nor be entitled to any benefits available under any plans for such other Party's employees. Each Party will at all times during the term of this Agreement retain full control of the employment, direction, compensation and discharge of all employees as is consistent with and necessary to preserve its independent contractor status. Each Party will be solely responsible for all matters

relating to payment of its employees including compliance with social security taxes, withholding taxes, worker's compensation, disability and unemployment insurance, and all other regulations governing such matters.

22. REGULATORY APPROVALS:

Although this Agreement may be executed by both Parties, to the extent that any state statute, order, rule or regulation or any state regulatory agency having competent jurisdiction over one or both Parties to this Agreement will require that this Agreement be approved by such regulatory agency before this Agreement may be effective, this Agreement will not be effective in such state notwithstanding the Parties' signature until the first business day after such approval has been obtained.

Each Party agrees to cooperate with each other and with any regulatory agency so that any approval necessary to provide the Service(s) under this Agreement is obtained. During the term of this Agreement, each Party agrees to continue to cooperate with each other and with any regulatory agency so that the benefits of this Agreement may be achieved.

23. SEVERABILITY:

In the event that any one or more of the provisions contained herein, is, for any reason, held to be unenforceable in any respect under law or regulation, the remainder of this Agreement will not be affected thereby and will continue in full force and effect, unless removal of that provision results in a material change to this Agreement. In such a case, the Parties will negotiate in good faith for replacement language. If replacement language cannot be agreed upon, either Party may terminate this Agreement.

24. AMENDMENTS:

No amendment or waiver of any provision of this Agreement, and no consent to any default under this Agreement, will be effective unless the same is in writing and signed by both Parties.

25. ASSIGNMENT:

Reseller may not assign this Agreement, and/or any of its rights and/or obligations hereunder without the prior written consent of Citizens.

26. NO RIGHTS TO THIRD PARTIES:

This Agreement will not provide any third party, including, but not limited to any End User customer of Reseller, with any remedy, claim, liability, reimbursement, cause of action, or other right in excess of those existing without reference to this Agreement.

27. HEADINGS:

The headings in this Agreement are for convenience and will not be construed to define or limit any of the terms herein or affect the meanings or interpretation of this Agreement.

28. EXECUTED IN COUNTERPARTS:

This Agreement may be executed in any number of counterparts, each of which will be an original; but such counterparts will together constitute but one and the same document.

22. ENTIRE AGREEMENT:

This Agreement sets forth the entire understanding and supersedes prior agreements between the Parties relating to the subject matter contained herein and merges all prior discussions between them, and neither Party will be bound by any definition, condition, provision, representation, warranty, covenant or promise other than as expressly stated in this Agreement or as is contemporaneously or subsequently set forth in writing and executed by a duly authorized officer or representative of the Party to be bound thereby.

The Parties have caused this Agreement to be executed by their duly authorized representatives.

RESELLER: UNIVERSAL TELECOM, INC.

By: David W. Wigginton

Typed: David W. Wigginton

Title: President

Date: October 15, 1999

CITIZENS TELECOMMUNICATIONS
COMPANY OF THE VOLUNTEER STATE, LLC.

By: F. Wayne Lafferty

Typed: F. Wayne Lafferty

Title: VP, Regulatory & Government Affairs

Date: 11/19/99

EXHIBIT A

1. Nonrecurring Charges:

A nonrecurring charge will apply when converting a Citizens account to a Reseller account or when changing an end user from one reseller to another.

2. Basic Residential Line Service, Basic Business Line Service, Public Access Line Service and Private Line used for Special Access are available for resale under this agreement.

3. Services not available for Resale:

- a. Customer Premises Equipment
- b. Enhanced Services
- c. Inside Wire
- d. Concession Services
- e. Promotions of less than 90 days

February 16, 2000

**PETITION FOR APPROVAL OF THE RESALE
AGREEMENT NEGOTIATED BY CITIZENS
COMMUNICATIONS COMPANY OF THE
VOLUNTEER STATE, L.L.C. AND UNIVERSAL
TELECOM, INC. PURSUANT TO SECTIONS 251 AND
252 OF THE TELECOMMUNICATIONS ACT OF 1996**

ORDER APPROVING RESALE AGREEMENT

1) The Agreement is in the public interest as it provides consumers with alternative sources of telecommunications services within the Citizens Communications Company of the Volunteer State, L.L.C. service area;


- 2) The Agreement is not discriminatory to telecommunications service providers that are not parties thereto;
- 3) No party has sought intervention in this docket;
- 4) The approval of the Agreement is consistent with previous Authority decisions and orders; and
- 5) The Agreement is reviewable by the Authority pursuant to 47 U.S.C. §§ 251-252 and Tenn. Code Ann. § 65-4-104 *et seq.*

IT IS THEREFORE ORDERED THAT:

The Resale Agreement negotiated by and between Citizens Communications Company of the Volunteer State, L.L.C. and Universal Telecom, Inc. is approved and is subject to the review of the Authority as provided herein.


Melvin J. Malone, Chairman


Hollyn Greer, Jr., Director


Sara Kyle, Director

ATTEST:


K. David Waddell, Executive Secretary

Universal Telecom, Inc.
P.O. Box 679
LaGrange, KY 40031



February 12, 2001

Citizens Communications
Attention Interconnection Manager, Tennessee
5600 Headquarters Drive
Plano, TX 75025-1209

Citizens Communications
Attention Associate General Counsel
Rus Mitten
3 High Ridge Park
Stamford, CT 06905

RE: Universal Telecom, Inc.

Dear Sir or Madam:

The purpose of this letter is to request that Citizens Communications grant to Universal Telecom, Inc., a discount on the rate that Universal Telecom, Inc. pays to Citizens Communications under the resale agreement dated October 15, 1999.

As you may be aware, 47 C.F.R. 51.605, implementing the provisions of the Telecommunications Act of 1996, provides as follows.

§ 51.605 Additional obligations of incumbent local exchange carriers.

(a) An incumbent LEC shall offer to any requesting telecommunications carrier any telecommunications service that the incumbent LEC offers on a retail basis to subscribers that are not telecommunications carriers for resale at wholesale rates that are, at the election of the state commission -

(1) Consistent with the avoided cost methodology described in §§ 52.607 and 51.609; or

(2) interim wholesale rates, pursuant to § 51.611.

I noticed that in your *Agreement for Local Interconnection between Citizens Telecommunications Company of the Volunteer State LLC and Citizens Telecommunications Company*, dated February 25, 2000, you gave the CLEC a 12% discount on basic residential line service, basic business line service, and public access line service. (See Attachment 3, Exhibit A - Resale, Section 2 of that Agreement.)

Pursuant to the terms you granted under that agreement and pursuant to the 47 C.F.R. 51.605 requirement that you offer CLEC's wholesale rates, I ask that you also provide us with a 12% discount, adjusted further to reflect the fact that we do not utilize your operator and directory assistance services.

I look forward to your prompt response, and I hope that this issue can be resolved amicably and without the need for costly formal proceedings or arbitration before the Tennessee Regulatory Authority.

Thank you.

Sincerely,

David Wigginton
President, Universal Telecom, Inc.